

Message Text

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PAGE 01 OECD P 30370 202326Z

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ACTION NODS-00

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 9341

C O N F I D E N T I A L OECD PARIS 30370

NODIS

FOR FEA ADMINISTRATOR ZARB FROM ENDERS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT:

1. YOU SHOULD KNOW THAT I AM STRONGLY URGING THE SECRETARY TO RECOMMEND TO THE PRESIDENT TO SIGN THE CONFERENCE BILL. AT THE SAME TIME, I AM SUGGESTING (AS I HAVE TO YOU) THAT WE EXPLORE KEEPING PART OR ALL OF THE IMPORT FEE ON.

2. MY BASIC REASONING IS THAT WE CAN'T BREAK THE CARTEL IN THE NEXT THREE YEARS ANY WAY, AND CONSERVATION IN THAT PERIOD COULD NOT REDUCE OUR VULNERABILITY TO ACCEPTABLE LEVELS. THEREFORE IF WE HAVE TO CHOOSE BETWEEN A BILL THAT HAS MASSIVE, BUT DELAYED EFFECTS ON OUR DEPENDENCY, AND A VETO SITUATION IN WHICH NO POSITIVE STEPS ON ENERGY MAY BE POSSIBLE IN THE NEXT YEAR, I WOULD CHOOSE THE FORMER. PRELIMINARY REACTION TO CONFERENCE BILL WITHIN IEA IS ONE OF SOME REGRET OVER PRICE ROLLBACK BUT RELIEF THAT US, AS KEY CONSUMER, WOULD AT LAST HAVE BASIC FOUNDATION FOR SERIOUS ENERGY EFFORT OVER MEDIUM TERM.

3. WE ARE MAKING REAL PROGRESS ON THE LONG-TERM PROGRAM. WE HAVE AGREEMENT ON A \$6 TO \$8 FOB PERSIAN GULF RANGE FOR THE MSP. THAT MEANS \$7 TO \$9.50 LANDED.

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LIKELY OUTCOME IS IN BETWEEN.

4. OUR APPROACH TO PROJECT BY PROJECT COOPERATION
IS CARRYING, AND WE CAN PUT THIS ONE OVER WITH A

COMMITMENT THAT DOES NOT GO BEYOND "CONSIDERING"
GUARANTEEING OFFTAKE.

5. ONE AREA IN WHICH I NEED NEW AUTHORITY IS THE
STANDSTILL ON INTRODUCING NEW RESTRICTIONS ON ACCESS
BY OTHER IEA MEMBERS TO ENERGY INVESTMENT AND OFFTAKE.
WITH THE EXPORT ADMINISTRATION ACT, THE ALASKA PIPELINE
ACT, AND THE NEW CONFERENCE BILL, WE ARE FULLY PROTECTED
BY A GRANDFATHER CLAUSE. YOUR AGREEMENT TO A "BEST
ENDEAVOURS" FORMULATION WHICH WOULD PREVENT THE
EXECUTIVE FROM PROPOSING NEW RESTRICTIONS IS ESSENTIAL
TO BRING THE AGREEMENT OFF, AND I MUST COUNT ON YOUR
SUPPORT.
TURNER

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NNN

Message Attributes

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